

EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	Aetna Life
NAIC Code:	60054
SERFF Tracking #:	AETN-133663550
Market Segment:	Individual

Aetna is filing revisions to premium rates for Individual Conversion policies that will be sold in New York during 2024. The rates in this filing will apply to small group policies that are renewed or sold at policy anniversary beginning on January 1, 2024. These rate changes will impact approximately 35 subscribers and 75 members.

The requested rate changes for Aetna's Small Group plans are directly related to two main drivers: the overall rising cost of health care services in New York, and an adjustment to reflect changes in the type and quantity of medical services used by our members which results in increased claim expenses.

Utilization, unit cost and other trend were based on a review of small group data over the period January 2022 – December 2022. The table below reflects our cost trends:

Utilization Trend	Unit Cost Trend	Other Trend	Total Trend
3.6%	4.5%	1.2%	9.5%

Utilization represents the number of services per member per year across all medical expense categories. Unit Cost represents the dollar amount per service. Increases in Unit Cost reflect changes in our contracted rates and prescription drug costs as well as the price escalation due to usage of more intensive services or expensive technologies. Hospital unit cost is projected to increase at 6.4%, physician unit cost is projected to increase at 2.5%, and pharmacy unit cost is projected to increase at 5.1%.

Other Trend represents deductible leveraging. Deductible leveraging occurs when the rate of change in deductibles is less than the rate of change in total medical costs. This results in the rate of change in insurer plan cost exceeding the rate of change in total medical costs. The deductible leveraging adds 1.2% to our total trend.

New York state law requires that at least 82% of premium must be used to pay medical member costs. The remaining 18% is used for administrative expenses, profit, and taxes. Administrative costs include (but are not limited to) customer service, processing and paying claims, medical management programs, maintaining our provider networks, and complying with State and Federal regulations.

Aetna takes our commitment to our customers seriously. We have taken a number of steps to try to keep our products as affordable as possible, such as:

- Developing innovative new relationships with health care providers that compensate them for the quality of care they provide, and not the quantity.
- Creating medical management programs which address potential health issues for members earlier, improving health outcomes and reducing the need for high-cost health care services.

We are also dedicated to increasing transparency within the health care system, as well as helping our members best utilize the plans that they have. Members can access Aetna Navigator, our secure member website, which allows members to research their specific plan benefits, health care providers in a given area, and in some locations, the cost of certain health care services. Additionally, Aetna's Plan for Your Health website aims to educate all consumers—not just Aetna members—on how to take advantage of their health care benefits.

This narrative (exhibit 13) will be posted on Aetna.com, which is open to the public.

<http://www.aetna.com/individuals-families-health-insurance/member-guidelines/stateprocess.html>

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company	Aetna Life
NAIC Code:	60054
SERFF Tracking #:	AETN-133663550
Market Segment:	Individual

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2024 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2023 and 2024 should be based on the DFS Membership Survey data as of 3/31/2023.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2023 and 2024 Premium Rates:

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2023 and Columns U-Y for 2024)
- 2 Premium Rates for 2024 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic
2023 Weighted Average Base Premium Rates	\$ 1,552.60	\$ 1,228.75	\$ 946.06	\$ 755.37	
2024 Weighted Average Base Premium Rates	\$ 2,258.33	\$ 1,676.08	\$ 1,297.85	\$ 1,149.96	

B. Weighted Average Annual Percentage Requested Adjustments:

	2023 to 2024	2023 Weighted Average PMPM Rate All - Metals	2024 Weighted Average PMPM Rate All - Metals
Requested Rate Adjustment	40.33353%	\$ 886.41	\$ 1,243.93

From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]*:

	2021 to 2022	2022 to 2023
Average Rate Adjustment Requested	11.400000%	6.920000%
Average Rate Adjustment Approved	0.000000%	6.920000%

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

	2020	2021	2022	Projected 2023	Projected 2024
MLR	72.3%	22.1%	64.5%	84.7%	89.9%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021] [If Applicable]*:

	2022	2023	2024
Annual Claim Trend Rates	10.5%	10.3%	9.2%
Expense Ratios	11.8%	10.4%	8.1%
Pre Tax Profit Ratios	3.2%	3.2%	3.2%

* If no products were offered in a particular year, indicate "N/A" in the applicable box.